

DRAFT FORM 1

**COVER SHEET
NEW DEGREE PROGRAM PLANNING NOTICE OF INTENT
(PLANNING NOI)**

Program Information

Program Name: Department of Accounting

Institution Name: Western Washington University

Degree Granting Unit: College of Business and Economics

Degree: Prof. Accounting (e.g. College of Arts and Science) Level: Masters Type: _____
(e.g. B.S. Chemistry) (e.g. Bachelor) (e.g. Science)

Major: Accounting CIP Code: _____
(e.g. Chemistry)

Minor: _____
(if required for major)

Concentration(s): _____
(if applicable)

Proposed Start Date: September 2007

Projected Enrollment (FTE) in Year One: 15 At Full Enrollment by Year: 2010 : 25
(# FTE) (# FTE)

Proposed New Funding: University Appropriation

Funding Source: ☒ State FTE ☐ Self Support ☐ Other

Mode of Delivery

☒ Single Campus Delivery Western Washington University
(enter location)

☐ Off-site _____
(enter location)

☐ Distance Learning _____
(enter location)

Substantive Statement of Need

Attach Sheet

Contact Information (Academic Department Representative)

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Endorsement by Chief Academic Officer _____

_____ Date

HECB
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www.hecb.wa.gov/autheval

**New Degree Program Planning
Notice of Intent
To the HECB**

Department of Accounting, Western Washington University

Contact Information:

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Degree Title: Masters of Professional Accounting (MPAcc)

Proposed Start Date: September 2007

Source of funding: State funding

Mode of Delivery: Single Campus Delivery

Location: Western Washington University, Bellingham

Year 1 and full enrollment targets: 15 in 2007-2008, 25 by Year 2009-2010

SUBSTANTIVE STATEMENT OF NEED

This proposal is a notice of intent to plan for a graduate degree in the Department of Accounting in order to meet the high demand in the State of Washington for CPA-qualified graduates. This 45-credit degree would be titled Masters of Professional Accounting (MPAcc). The accounting profession has undergone significant changes in the last several years. First was the implementation in Washington State (July 1, 2000) and across the country of the "5th year" requirement for education credits (which translates into 225 college credit hours on the quarter system) to be eligible to take the Certified Public Accountant (CPA) exam.¹ Second, the accounting scandals at Enron, Worldcom, Tyco, and other companies prompted the passage of the Sarbanes-Oxley Act of 2002 (SOX). The passage of SOX has accelerated the demand for CPA-qualified hires in the profession both at the state and national levels.

The Accelerated MBA program at Western Washington University was developed specifically to meet the needs of the fifth-year requirement for taking the CPA exam. However, this has not been a successful option for students in the accounting program. One reason is that public accounting firms have been increasingly doing their hiring out of their internship programs. This has meant that students interested in Summer-quarter or Winter-quarter internships cannot also attend the Accelerated MBA program, due to the lock-stepped nature of the program. Also, the data shown later in this proposal

¹ WAC 4.25.710 (1)(a), effective July 1, 2000.

indicate that firms are increasingly likely to hire students out of a Masters program in Accounting rather than from an MBA program. At Western, students have typically chosen to earn the extra credits in other ways, many taking a double major which delays their graduation date. WWU undergraduate students are at a disadvantage in the job market because many of the other schools in the state have a Masters program in Accounting. Thus, students entering Western with the intention of completing 225 credits are not receiving the degree of choice in the marketplace.

In response to the growing demand for CPA-qualified hires, the Department of Accounting is proposing a graduate degree in Accounting that draws on our department's strengths, the strengths of the College of Business and Economics (CBE), and the strengths of Western Washington University. It is our intent to create a state of the art graduate program designed to enhance the professional development of our students and to give us a niche in Washington by capitalizing on faculty areas of specialization; such areas include ethics, environmental accounting, international business, and internal controls. We currently provide a high-quality undergraduate program with several unique features (compared to other institutions in the State); for example, our students pick four elective courses from a set of ten offerings all of which emphasize the development of critical thinking skills and communication skills. Furthermore, the culture of our department includes a significant amount of student-faculty and student-alumni interaction. Providing students with a MPAcc degree option at Western further enhances their opportunities for a unique educational experience leading to success in the profession.

The Department of Accounting at WWU is in the process of expanding our partnership with the public accounting profession and industry. For example, we launched an Advisory Board in June 2005, membership of which consists of successful alumni from our program. We are working with this group to ensure that the Department of Accounting continues to meet the needs of the profession and our students. Our board is particularly interested in adding value to the student experience through help with professional networking, mentoring, and guest lectures on current issues. They have already made a significant contribution. At a recent meeting, the board met with our student leaders to determine specific areas where they can add value. In addition, the board participated in a professional networking skills session to help our students improve their skills. These important alumni relationships add to the overall educational experience and ensure that students get necessary skills for success in the profession upon graduation.

RELATIONSHIP TO WWU'S ROLE, MISSION, PROGRAM PRIORITIES

This proposal is consistent with the mission of Western Washington University. Our graduate program will be designed to further prepare our students for the "rapidly changing and highly technical world" and will enhance the communication and critical thinking skills of our graduates.² The proposal is also consistent with one of the roles of graduate education at Western: to prepare students for employment as professionals in government, business, and the non-profit sectors.³ Our graduates will be eligible and well-prepared for careers in any of these sectors. Furthermore, the target graduate

² Western Washington University's Mission Statement.

³ From the minutes of the WWU Board of Trustees meeting, 12-13-2002.

enrollment at WWU is ten percent of total institutional enrollment. Currently, enrollment in graduate programs at Western is only about six percent. Thus our program would also bring Western closer to its target for graduate enrollment.

HECB STATE AND REGIONAL NEEDS ASSESSMENT

Our proposal for a new Masters of Professional Accounting program addresses issues presented in the first two recommendations of the HECB State and Regional Needs Assessment (October 2005). Consistent with the first recommendation, our program meets the demand for additional degrees. Recommendation #2 requests that institutions in the state increase the number of students enrolled in graduate and professional programs to meet employer needs (p. 99). In another section of this report, a study on the assessment of community demand acknowledges higher education training needs in the field of accounting due to the new reporting regulations (p. 28). In the data by region, the tables reporting Key Occupations Requiring Long Preparation,⁴ consistently report Accountants and Auditors in the top ten occupations for openings during the 2002-2012 period. Western Washington University draws students from a number of regions where the ranking is in the top five of key occupations. For example, in the Northwest region, where WWU draws 44 percent of students who attend four-year institutions (p. 43), Accountants and Auditors rank 4th in openings (p. 46).

Other specific supply and demand information related to the accounting profession is not separable from the aggregate data on business and management degrees, workforce supply, and demand data; thus, we have provided industry demand information from the American Institute of Certified Public Accountants and from regional accounting professionals.

INDUSTRY DEMAND FOR CPA-QUALIFIED ACCOUNTING GRADUATES

This section summarizes some industry demand data specific to the accounting profession.

The American Institute of Certified Public Accountants' (AICPA) 2005 edition of "The Supply of Accounting Graduates and the Demand for Public Accounting Recruits," indicates that in 2004, there was a 17% increase in the number of new accounting graduate hires by the firms compared to 2003. The number of Bachelors degree recipients hired increased by 13% while the number of Masters degree recipients hired increased by 33%. Currently, 79% of students hired with graduate degrees hold Masters in Accounting degrees (compared with 11% with an MBA and 10% with a Masters in Taxation). According to the report, this ratio exceeds that of any recent year. Thus the graduate degree of choice is increasingly a Masters in Accounting.

The data in the AICPA report also indicate significant increases in the need for CPA-qualified candidates in the future. The following table (on page 4) summarizes the predictions of hiring trends for new accounting graduates for the years 2005, 2007, and 2009 compared with 2004 across the nation.

⁴ These data are ranked based on based on the highest expected demand using growth and number of job openings as the criteria. See www.workforceexplorer.com.

Predictions of Hiring Trend Increases from Public Accounting Firms

	<i>Firms with fewer than 10 AICPA members</i>	<i>Firms with 10-49 AICPA members</i>	<i>Firms with 50-200 AICPA members</i>	<i>Firms with over 200 AICPA members</i>
2005 vs. 2004	+ 4.2%	+17.1%	+15.9%	+16.6%
2007 vs. 2004	+10.3%	+17.3%	+17.2%	+25%
2009 vs. 2004	+10.3%	+18.9%	+17.7%	+18.3%

(Source: AICPA 2005)

In May 2004, our department surveyed professionals from the Western region of the State of Washington who interact regularly with our department; the results indicate that most regional CPAs believe that the *demand for CPA-qualified hires in the state will increase* over the next five years. In addition, these potential employers preferred that graduating students have a Masters degree in Accounting rather than obtaining credits in a number of ad-hoc ways.

In November 2004, we conducted an additional survey of regional accounting professionals via e-mail that confirmed our previous survey results. Thirty-nine of the 43 respondents indicated that the demand for CPAs over the next five years will increase. This group of respondents also preferred a Masters of Professional Accounting over other methods of obtaining additional credits. Fifty-eight percent of the respondents indicated that their firms are hiring more entry-level accountants compared to last year with most of the new hires related to growth. Both of our survey results are consistent with the trends in the AICPA report.

STUDENT DEMAND FOR MASTERS DEGREE IN ACCOUNTING

The 2005 edition of "The Supply of Accounting Graduates and the Demand for Public Accounting Recruits" by the AICPA also indicates an increase in demand nationwide for a Masters degree in Accounting:

- Compared to 2002-2003, accounting enrollments in Bachelor's programs increased by 1.8%, while Masters in Accounting programs increased by 7.2%. Also MBA programs (with Accounting specialization) decreased by 23.5%.
- The number of candidates taking the CPA Exam increased in 2002 and 2003 from prior years.

Since Fall 2002, we have seen a steady increase in the number of graduates from our three major programs (*Accounting, Accounting and Computer Science, and Economics and Accounting*). The data are shown in the following table:

Year	Number of Students Graduating
Fall 2001 – Summer 2002	54
Fall 2002 – Summer 2003	70
Fall 2003 – Summer 2004	74
Fall 2004 – Summer 2005	76

We currently have 202 upper division majors in our Accounting programs indicating stability and growth.

Our students were surveyed during the Fall Quarter 2004 to assess their interest in a Masters degree in Accounting. One-hundred forty students participated in the survey. Eighty-seven of the students expressed an interest in public accounting, where the CPA certificate is essential for continued employment. In addition, *95 stated that they will need to get the additional credits required for the CPA exam.* The survey asked them to indicate, on a scale from 1 (very unlikely) to 6 (very likely), their interest level in applying to a Masters program in Accounting at Western if it were offered. Forty-one of the respondents (29%) answered that they would be “Very Likely” or “Likely” to apply if such a program were offered. This number of students would give us a good sized applicant pool from which to choose for the MPAcc program. Also, a large number of students indicated that scholarship opportunities, credits for internships, the availability of elective course offerings from the MBA program, and early admission--all of which are planned parts of our proposal--would enhance their interest in a Masters program. These potential components of the program may provide incentives for students to graduate with a bachelors degree in a timely fashion (with 180 credits) and then continue their education in the new Masters of Professional Accounting.

PRELIMINARY CURRICULUM PLAN FOR THE MPACC PROGRAM

We are proposing a 45-credit MPAcc program to be completed in three quarters. This will be accomplished with our current faculty and one additional FTE allocated by the university for Fall 2007. Because our faculty value a high-quality undergraduate education, it is our intent to design a five-year package that maintains excellence at the undergraduate level and creates excellence at the graduate level. Thus students who do not wish to follow the CPA track can graduate at the end of four years with an education that has prepared them well for the industry and non-profit sectors. The design of the five-year package (Bachelors and MPAcc) will be consistent with our strengths, the strengths at WWU, and the needs of the profession in the post-Sarbanes Oxley environment.

Along with traditional areas, members of our faculty have teaching and research expertise in the following areas that we propose to develop further as part of the five-year program: Ethics, Environmental Accounting, International/Global Issues, and Internal Controls. Also, recent changes in the profession have caused an increased need for students with a broad range of financial accounting and auditing skills, including information technology. These areas to be included in our five-year package contribute to our departmental goal: *To have a highly respected accounting program with graduates who successfully contribute to the profession and society.*

The following is an outline of our preliminary plan:

- Three existing undergraduate electives (of our ten elective offerings) would be revised and moved to the graduate level. These courses could include Advanced Audit Seminar; International Accounting; and Advanced Financial Accounting. The courses selected in the final proposal will be important to CPA-track students and will be required at the graduate level. Each of these courses is 4 credits.
- Four new courses would be created at the graduate level:
 - Internal Controls—4 credits.
 - Information Technology in Accounting—4 credits.
 - Capstone in Accounting--current issues and ethics—4 credits.
 - MPAcc 590: Internship in Accounting—includes an academic component, offered in the Winter Quarter—13 credits.
 - Students who do not have an internship would be able to take credits in the MBA program
- Students would take 2 courses (8 credits) in the MBA program as electives, or 5 to 6 MBA courses (22 credits) if no internship is available or desired.

CONCLUSION

Increasingly, WWU faculty, students, and the regional accounting profession have talked about the importance of a graduate degree in Accounting at Western. Along with the evidence of demand, the faculty support the MPAcc to maintain the high quality of our program, to better prepare students for the profession, and to satisfy the demand for our graduates in the workforce. Not only do we want to meet the demand of our profession, but also we want to create a graduate program that sets our department and CBE apart from other programs in the state. This will give us a five-year package (BA and MPAcc) that we can effectively market to high school and community college students, and assures that our program meets the needs of a global community of accounting professionals.